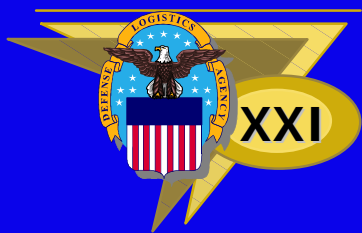


DEFENSE LOGISTICS AGENCY

Supply Chain Integration Meeting the Logistics Challenge

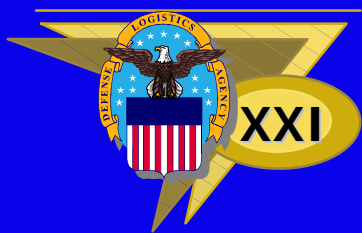
**Presented by:
CAPT Pete Eltringham, SC, USN
Executive Director, Supply Chain Development & Integration
DLA Headquarters**

January 1998



Agenda

- **DLA Overview**
- **JV 2010 Focused Logistics**
- **Best Commercial Practices and Emerging Technologies**
- **Supply Chain Integration Opportunities**
- **DLA Electronic Commerce Mall**
- **DLA Strategic Goals and SC-21 Opportunities**
- **Conclusion**

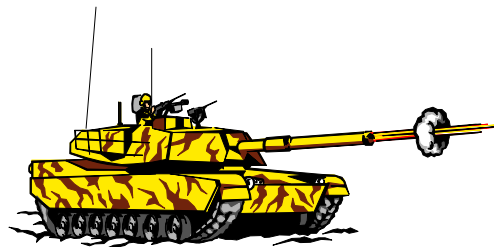
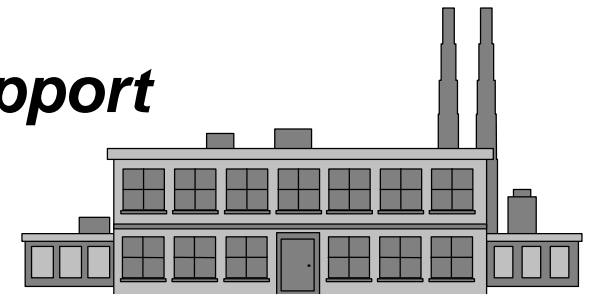
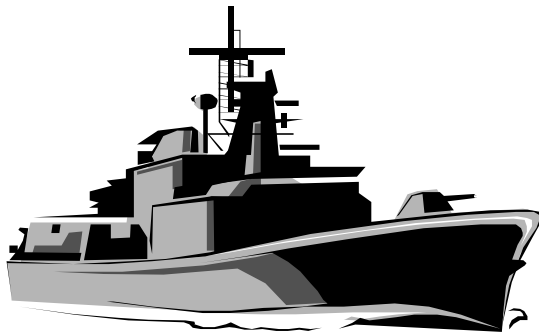
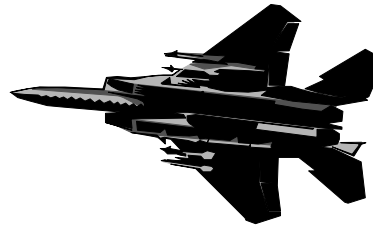


DLA

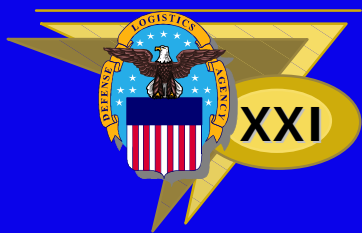
An Integral Part of the Warfighting Team

Functional Areas:

- ***Supply Management***
- ***Distribution***
- ***Contract Management***
- ***Logistics Information Management Support***
- ***Reutilization & Marketing***



***83% of Requisitions
100% of Fuel
100% Of Clothing/Medical/Food
100% of Distribution
Reducing Infrastructure
Cutting Customer Prices***



DLA Mission

**To Provide
Acquisition and Focused Logistics Support
to America's Armed Forces in Peace and War...
-- Around the Clock, Around the World.**

DEFENSE SUPPLY CENTERS 4M CONSUMABLE ITEMS \$12B INVENTORY \$11B ANNUAL SALES

DEFENSE DISTRIBUTION DEPOTS \$107B INVENTORY 568m ft³ STORAGE 27M TRANSACTIONS/YEAR

DEFENSE CONTRACT MANAGEMENT COMMAND \$937B ACTIVE CONTRACTS 24K

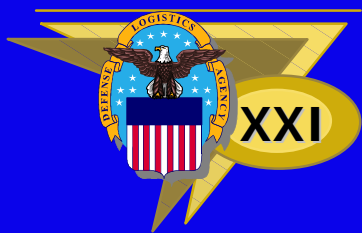
DEFENSE LOGISTICS SERVICES 7M ITEMS CATALOGUED 49M TRANSACTIONS/YEAR

CONTRACTORS

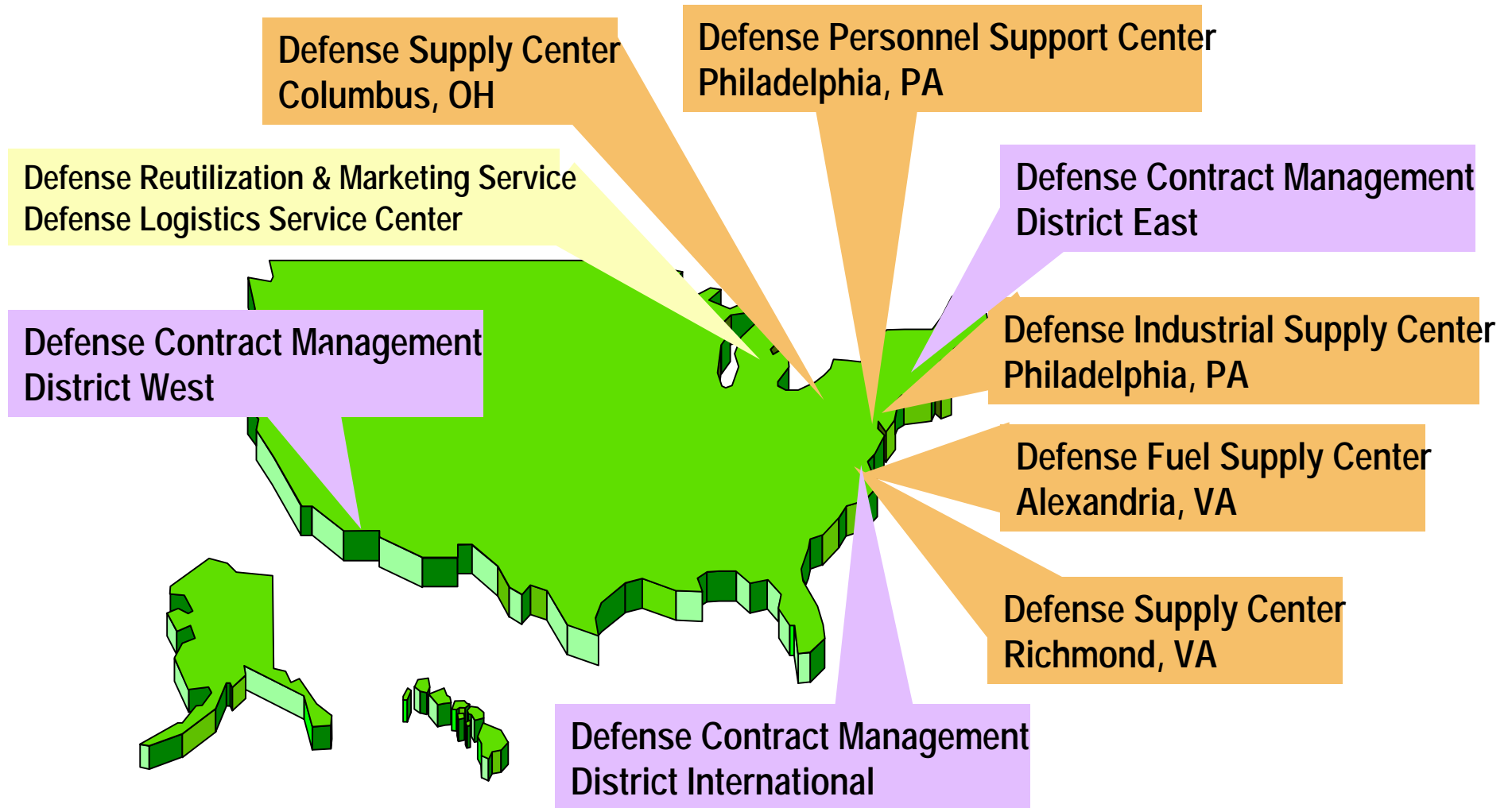
DEFENSE REUTILIZATION AND MARKETING \$21B ANNUAL REUTILIZATION/DISPOSALS

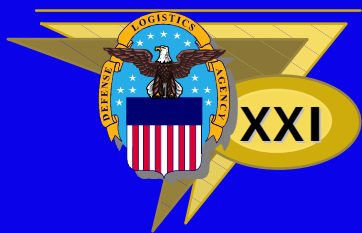
DEFENSE NATIONAL STOCKPILE \$6B INVENTORY 87 STRATEGIC MATERIALS

DEFENSE AUTOMATED PRINTING SERVICES 38M PAGES 399M ANNUAL SALES



DLA Centers





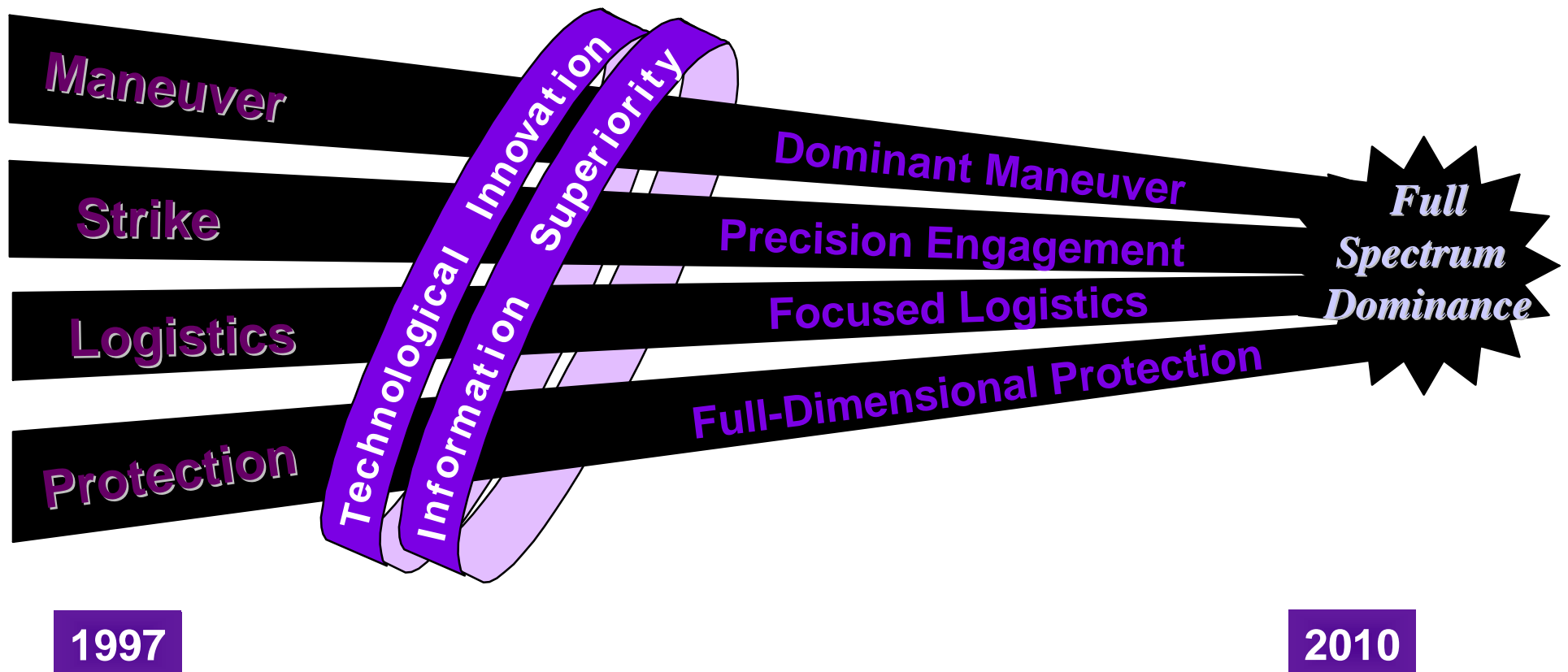
Joint Vision 2010

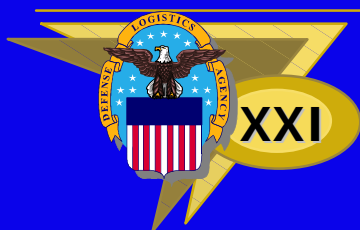
Emerging Operational Concepts

**Traditional
Concepts**

**Are Transformed
by Key Enablers**

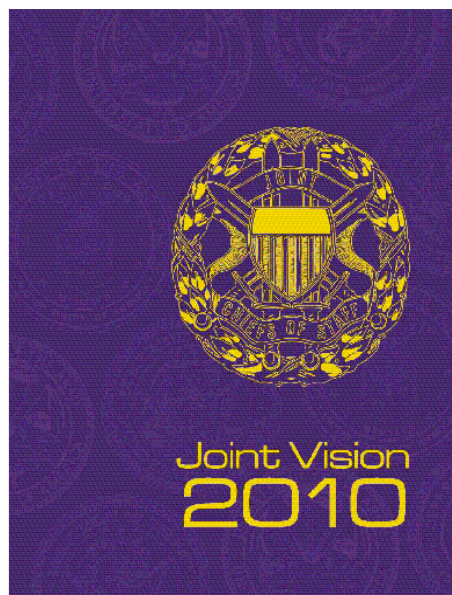
**Into New Operational
Concepts**





Joint Vision 2010 - Focused Logistics

Engaging DOD Visionaries



Enhanced doctrine and coverage insurance, increased individual and collective protection, and a joint restoration capability against the effects of WMD are also key elements for achieving full dimensional protection.

Most importantly, these active and passive measures will be combined to provide a more seamless joint architecture for force protection, which will leverage the contributions of individual Services, systems, and solutions. The result will be a proved freedom of action for friendly forces, and better protection at all echelons against precision attack, weapons of mass destruction, and other conventional or non-conventional systems.

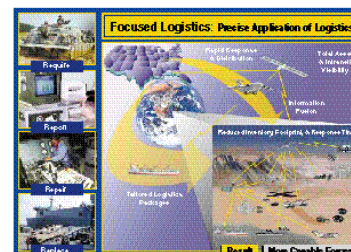
Focused Logistics

Each of the preceding concepts relies on our ability to project power with the most capable forces, at the decisive time and place. To optimize all these concepts, logistics must be responsive, flexible, and precise. Focused logistics will be the fusion of information, logistics, and transportation technologies to provide rapid crisis response, to track and shift assets even while enroute, and to deliver tailored logistics packages and sustainment directly at the strategic, operational, and tactical level of operations. It will be fully adaptive to the needs of our increasingly dispersed and mobile forces, providing support in hours or days versus weeks. Focused logistics will enable joint forces of the future to be more mobile, versatile, and projectable from anywhere in the world.

Logistics functions will incorporate information

technologies to transition from the rigid vertical organizations of the past. Modular and specifically tailored combat service support packages will evolve in response to understanding contingency requirements. Services and Defense agencies will work jointly and integrate with the civilian sector, where required, to take advantage of advanced business practices, commercial economies, and global networks. Active and reserve combat service support capabilities, prepared for complete integration into joint operations, will provide logistic support and sustainment as long as necessary.

Information technologies will enhance air, sea, and pre-positioning capabilities to lighten deployment loads, sweeten pinpoint logistic delivery systems, and extend the reach and longevity of systems currently in the



Inventory. The combined impact of these improvements will be a smaller, more capable deployed force. It will require less continuous support with a smaller logistics footprint, decreasing the vulnerability of our logistics lines of communication.

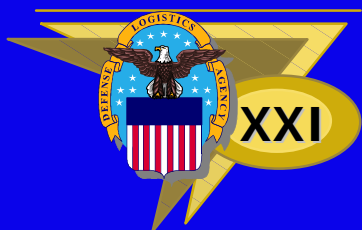
Full Spectrum Dominance

Each of these new operational concepts will reinforce the others and will allow us to achieve increased effects in warfare from more dispersed forces. This synergy will greatly enhance our capabilities in high intensity conventional military operations.

However, the synergy of these four concepts transcends intense conventional warfare. Without overstatement, the development of these new operational concepts has great potential to fulfill more effectively the full range of tasks assigned to us. That is, taken together these four new concepts will enable us to dominate the full range of military operations from humanitarian assistance, through peace operations, up to and in the highest intensity conflict.

"...will be fully adaptive to the needs of our increasingly dispersed and mobile forces, providing support in hours or days versus weeks."

"Focused logistics will be the fusion of information, logistics, and transportation to provide rapid crisis response, to track and shift assets even while enroute, and deliver tailored logistics packages and sustainment directly at the strategic, operational and tactical level of operations."



The Logistics Revolution to JV 2010

The Surge & Sustainment Challenges

OVERWHELMING RESOURCING STRATEGY
(POTENTIAL)

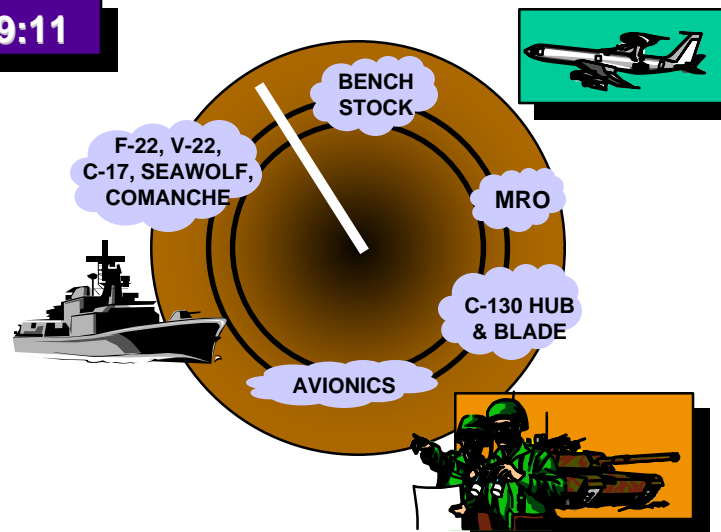


MOBILIZATION VIA WAREHOUSE



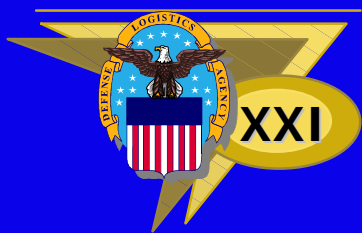
AGILE RESOURCING STRATEGY
(KINETIC)

19:11



DEMONSTRATION PROJECTS
A "MUST" TO PROVE RESPONSIVENESS
AND CAPACITY

MOBILIZATION VIA INDUSTRY



Environment

1 Downsizing in DoD and Industry

2 Changing Global Markets

3 Fewer resources & more competition

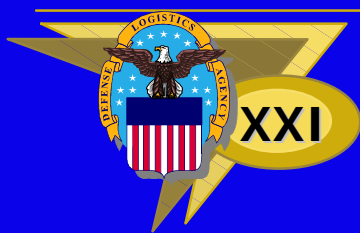
4 Government Reinvention

5 Acquisition Reform

6 New Technology

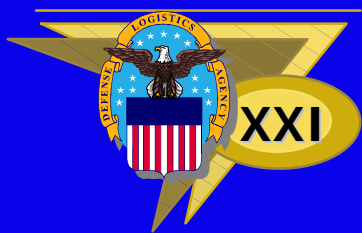


**REQUIRES
FUNDAMENTAL
CHANGES & PROCESS
IMPROVEMENT**



DoD Change Agents at Work

- **Quadrennial Defense Review**
- **National Defense Panel Recommendations to SECDEF**
- **Defense Reform Initiative (and Directives)**
 - Reengineer, Consolidate, Compete, Eliminate
 - www.defenselink.mil/dodreform/index.html
- **Management Reform Memoranda**
 - Example: MRM 12 - Expand use of PV contracts, Roll-out of CONUS PV for Maintenance, Repair, & Operations (MRO) Virtual Prime Vendor during FY 98 (DLA lead)
- **Joint Logistics Regionalization**
- **Revolution in Military Logistics and Business Affairs**



Globalization Forces

Supply Chain Perspective

- Reliance on outsourcing, direct shipment & decentralized logistics
- Improved Coordination efficiencies

Economic Growth

- Organizational redesign
- Industry restructuring of new markets

Emerging Technology

- Geometric growth in EC volumes

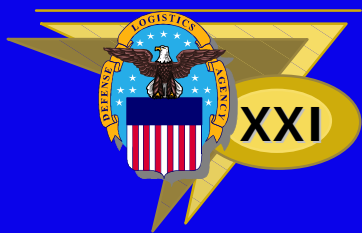
World Economy

Regionalization

- Geographically dispersed communities

Deregulation

- Government effectiveness in insuring open access



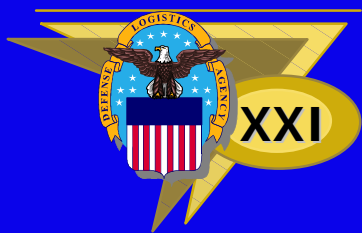
Reengineering



**“Don’t pave over cowpaths,
but tear up the road and start over.”**

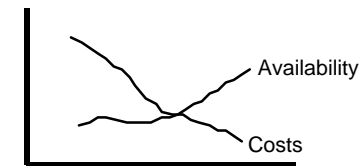
Michael Hammer, Reengineering the Corporation

Avoid Government Uniques !!!



Supply Support Challenges

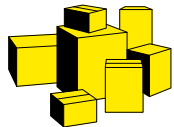
Reengineered supply system must:



- **Increase parts availability while decreasing costs**
- **Support new logistics focus -- velocity & precision vs mass**

Focused Logistics, Velocity Management, Lean Logistics, Precision Logistics

- **Empower process changes by customers**



- **Maintain surge & sustainment capability**

